

Opening Statement of Congressman Jim Matheson
House Committee on Financial Services
Oversight Hearing on the Department of Housing and Urban Development
March 2, 2005

Chairman Oxley, Representative Frank, Members of the Committee, I appreciate the opportunity to make a few comments at the beginning of this important hearing. Secretary Jackson, I appreciate your presence here today to provide additional information on the activities of the Department of Housing and Urban Development (HUD), specifically in relation to HUD's budget request for Fiscal Year 2006.

HUD's activities surrounding housing and development are critical in building safe and supportive communities throughout our country. I recognize the importance of housing to individuals' well-being. Shelter is a primary need for all humans, and acquiring adequate housing is a basic step on the road to self-sufficiency and fulfilling the American Dream.

I would like to share some concerns and perspectives related to several proposals contained in the President's Fiscal Year 2006 budget request. I do not approach these as partisan matters. I do not believe that all good ideas or sound policy comes from a particular political party. Rather, I approach these matters tuned to the constituents that I am here in Congress to represent and with a perspective on how seemingly simple changes here in Washington, DC can have enormous implications for communities in Utah.

I want to begin by recognizing several important initiatives contained in the President's budget. These include additional funding to help promote homeownership and to end chronic homelessness. I applaud the Administration's recognition of the need for improved financial literacy and down-payment assistance that furthers homeownership and helps to build individual assets and strong communities. In addition, I am pleased to see recognition of the need to improve the continuum of care to end chronic homelessness. This is not a problem requiring multi-disciplinary approach.

While both of these are very worthy efforts, I am concerned about the creation of new programs at the expense of existing programs. This concern is not a territorial battle about programmatic goals, it is a concern based on the fact that such a shift in focus may actually cause additional individuals to lose their housing, thus not decreasing, but increasing challenges, such as homelessness.

I want to focus on three specific areas of concern about which I hope to gain additional information during this hearing and as Congress considers these proposals in further detail.

First, while I am grateful to see an increase in the funding request for the Housing Choice Voucher program of \$1.079 billion compared to 2005, I am concerned that the funding provided for 2005 is substantially below the amount needed to renew existing housing vouchers. I am particularly concerned because it is my understanding that part of the cause of this current shortfall was inaccurate information supplied to members of congressional appropriations committees and sudden changes by HUD in the voucher funding formula in 2004.

On a national level these shortfalls total nearly \$570 million, or 80,000 vouchers. But, at the local level these are much more than numbers. Local housing authorities in my home state of Utah were particularly hard hit because of a decrease in their fair market rent. Many of them have had to cut the total number of vouchers in use or have shifted additional costs onto families currently receiving vouchers. This means that while there are multi-year waiting lists for individuals to receive Section 8 vouchers, not only are no new vouchers going to become available, well over 500 families in Utah will be losing their voucher assistance completely. Most of these cases involve single women with children, many victims of domestic violence, since elderly and disabled recipients are more protected from such losses. In addition, the Salt Lake VA Healthcare System expects to serve fewer veterans in transitional housing as the possibility of moving them onto Section 8 vouchers is reduced.

Despite proposed increases in funding, HUD's shift away from guaranteeing funding for existing vouchers and towards a dollar-approach means this year's appropriations will likely leave many more individuals with reduced or eliminated vouchers. In addition, regulatory relief is a necessity for local housing authorities struggling to meet their commitments under the current law without adequate funding to do so.

Second, I am concerned about proposals to restructure the Community Development Block Grant (CDBG) program and roll it into a broader program in the Commerce Department. As in so many communities, CDBG monies are essential to the local housing, infrastructure, and service goals throughout my district. The success of CDBG has been its flexibility and local responsiveness. In addition, its particular focus on critical public services and community infrastructure needs is distinct from the economic goals of the Commerce Department. I have concerns about the administration, structure, and objectives of this revised program. In addition, I am concerned about the funding request for this consolidated program that would result in 35% less funding being made available for the combined 18 programs which currently serve our local communities.

Thirdly, I am concerned about the elimination of the Rural Housing and Economic Development Program and the reduction in funding for Native American Housing Block Grants. I along with my colleagues from this committee held a hearing on Native American Housing last year on the Navajo Reservation. Few locations in all of the United States demonstrate the housing needs that this and other American Indian Reservations do. Following that hearing, we have made bi-partisan commitments to improving the assistance available for Native American Housing programs. I am concerned that cuts to this program and the Indian Community Development Block Grants set-aside under CDBG, resulting in a 16% reduction in Indian housing funds, does little to address the significant housing needs we desire to alleviate.

Again, I appreciate the opportunity to speak with you today. I look forward to additional information and clarifications related to these and other proposals.